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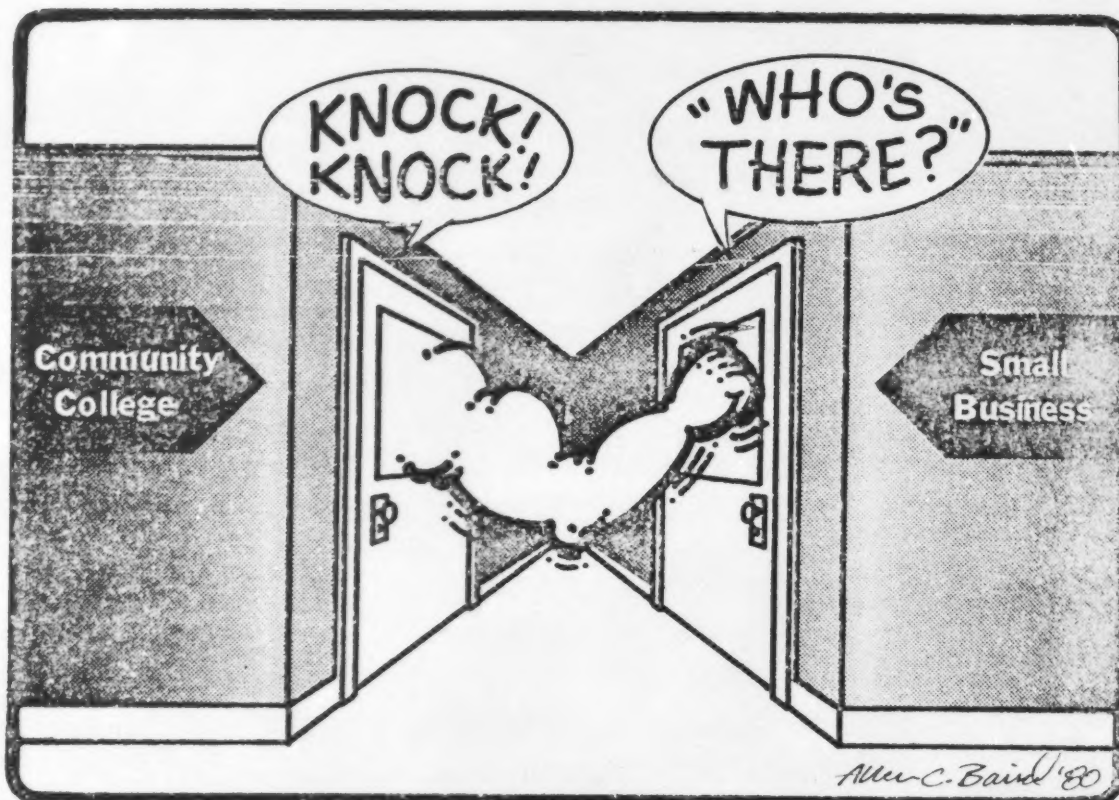
ABSTRACT

The high failure rate among small businesses attests to the need for improved efforts at the community and junior college level to help prepare the would-be self-employed person to develop entrepreneurial skills. A survey of over 400 community and junior colleges disclosed only 4 business management programs that included courses for small business management. Two examples of these programs are one offered at Cuyahoga Community College in Ohio, geared to people who are still attending school full-time and who have not yet committed themselves to owning their own business; and the Minnesota Model Small Business Management Program, designed for those who are already self-employed and who are in need of management training. It is difficult to determine where to place the blame for the lack of this type of training. On the one hand there has not been a great openly expressed demand for such programs. On the other hand, community colleges must adopt a more aggressive attitude in making the small business person aware of the need for small business managerial skills. In any event, such programs are vital, since the same economic conditions that produce the most new ventures are also the riskiest for new businesses. (MN)

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KNOCK! KNOCK!...WHO'S THERE?
Self-Employment As An Educational Goal

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By
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1980

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When the junior and community college system was first established in the United States in 1901, its primary function was to provide the first two years of a four-year undergraduate education. Later, these colleges took on another function: to equip their students for immediate employment after two years of study in a vocational or technical program, commonly referred to as occupational education.

By 1978 a total of 1,235 two-year colleges were in operation across the country. Of this number, 1,037 were public colleges supported by local and state tax revenues, and are more commonly known as community colleges. They enrolled over 4.3 million students, or about 96% of the total enrollment in two-year colleges. We can attribute this higher enrollment to the reaction of the public college to the community's needs rather than to the needs of a particular industry or profession. Over the years the community requested more and more occupational programs for both its high school graduates and its adult population; the community college acknowledged these requests so that now it is not uncommon to find a community college with an equal number of students in occupational and academic programs. If a person wants the first two years of a four-year education, the community college is ready to provide it. If a person wants two years of training in an occupational skill, again, the community college is ready to

provide this too. But what if a person wants neither of these two choices but instead wants an education which will help him become self-employed? Is there such a person out there and, if so, can the community college help him?

To answer the first question, let's look at a few facts and figures. There are 14,000,000 small businesses in the United States, a small business being defined by the Small Business Act of 1953 as "one which is independently owned and operated and is not dominant in its field of operation". These account for over 48% of the Gross National Product, and supply over 58% of the nation's employment. In the past seven years small businesses were responsible for over 97% of all new jobs created. Compare this to the under 1% of total new jobs created by the "Fortune 1000" companies. Small business generates much of the country's employment (100,000,000 jobs) but also accounts for much of the nation's unemployment. The predominant theme that pervades small business statistics is failure. For example a 1979 publication put out by Dun and Bradstreet is titled "The Business Failure Record", with a cover photo of a melting ice sculpture dollar sign. Recently a Small Business Administration coordinator in New York City was quoted as saying that the Small Business Administration's thrust is to make the small businessperson aware of the failure rate so that they will realize the extent of the work ahead of them.

Figures released by the Small Business Administration show that approximately 440,000 small businesses open each

year, and 400,000 close each year. There are many reasons for the closing of these small businesses but the Small Business Administration cites lack of proper management as the Number One culprit. This small business failure rate has an abysmal effect on the economy: in 1978 alone the average liability per declared bankruptcy of a small business was over \$400,000. This figure does not take into account the majority of failed businesses which do not file for bankruptcy but instead quietly close up shop either before or after paying their debts. The end result is a ruined entrepreneur, one who has lost not only an income, but may have left creditors and employees stranded with him. In this manner a small business failure injures not just the individual who loses his business, but many others too.

Why is there such a high failure rate among small businesses? Perhaps the answer is because we make it so easy for the prospective entrepreneur to fail, requiring only that he produce the initial investment, period. In truth, we educate, train, and prepare people for all types of employment except self-employment. We shape our educational process to turn out people equipped and ready to work for someone else, without concern that the potential entrepreneur must learn a different set of skills and develop a different attitude and approach than a person who intends to work under the direction of others.

Business and industry set requirements and standards for the people they hire, and expect their employees to meet certain basic qualifications. This is not the case for

those going into business for themselves. No requirements must be met, except the acquisition of capital. No other standards are imposed. Indeed, who would presume to do such things in our free-enterprise society? So, untrained and with very little concept of what being in business for oneself is like, hundreds of thousands of individuals each year start businesses of their own, businesses which have a 3 to 1 chance of failing within the first year. Knowing the impact that these business failures have on our economy, why hasn't the community college system taken giant steps to help remedy the situation instead of the tiny steps they have taken?

A survey of over 400 community and junior colleges disclosed only four Business Management programs which included courses in Small Business Management. Because these schools also listed Management and Mid-Management courses, it is assumed that the courses titled "Small Business Management" are intended for people who want to go into business for themselves. For example, Cuyahoga Community College in Ohio has a Small Business Management curriculum as part of a two-year program leading to an Associate of Applied Business degree. Included in this program are 22 credit hours in subjects relating to the development of entrepreneurial skills. This type of program is more suitable for people who are in a position to attend school full-time, and who have not yet committed themselves to opening their own business. Mr. Nicholas C. Siropolis, who developed Cuyahoga's Small Business Management curriculum and is the author of "Small Business Management: A Guide

to Entrepreneurship", says that over 300 students were enrolled in this program during the winter quarter of 1980.

Other community colleges have adopted the "Minnesota Model" Small Business Management Program which is designed for owners of small businesses. It offers instruction at the person's place of business, supplemented with on-campus classroom instruction. It is a three-year program conducted 11 months of the year, instead of the traditional quarter or semester college year. The Minnesota Model is ideally suited to those people already self-employed and in need of managerial training in order to grow, or merely to stay in business.

Obviously the community college system can help the person who wants to become self-employed, and those already self-employed, and is doing so. But with less than 1% offering degreed programs and barely 5% offering the Minnesota Model Programs, the impact of their efforts is simply not being felt among the small business community.

Is it the fault of the community colleges for not providing small business management programs, or is it the fault of the entrepreneur for not asking for them? We have seen that the community colleges as a whole have been very responsive to the needs of the communities they serve, and there is no reason to think that this attitude has changed. This leaves us with the answer that the fault lies within the business community itself, and those who wish to enter this community. Why? Why haven't these people requested or demanded educational assistance? Again, we are forced

to assume that the ease of becoming an entrepreneur is the culprit: if you don't need managerial skills to start a small business and if you don't recognize the importance of acquiring these skills necessary to the successful operation of a small business, you simply won't pursue such training. This, for all practical purposes, puts the ball back in the court of the community colleges. Clearly a more aggressive attitude of the part of the community colleges is called for in making the small businessperson aware of the need for small business managerial skills, skills which can help reduce the odds against his success. The highly independent nature of most entrepreneurs means that they will seldom seek help until they are in such desperate straits that it is often too late to do any good.

The failures of small businesses will always be with us, and the numbers are likely to increase dramatically in the next several years, given the state of our inflationary economy. (When was the last time this country experienced a period of deflation!) Our current inflation is now producing a recession, which in turn is generating unemployment. The swelling of the ranks of the unemployed has traditionally led to an increase in new business ventures. During times of full employment, new entrepreneurs largely come from the ranks of the retired, semi-retired, and disabled. Lump-sum retirement payments or compensation settlements can provide the needed capital to start or acquire a business and regular retirement or compensation payments can help keep the business going. Few people gainfully employed are likely to give up the security of a weekly paycheck and benefits until forced to do so by being laid-off or fired. Some of

These unemployed will "wait things out", subsisting on unemployment benefits, savings, and welfare, but a great many will decide to start their own business, never again to be at the mercy of an employer. These individuals are ripe for becoming entrepreneurs and unknowingly are entering an area likely to be the next victim of recession. It seems ironic that the economic times which produce the most new ventures are also the times which are the riskiest for new businesses. Even well-established businesses are hurt by a troubled economy; for a new business it can be a disaster.

Nourishing this swelling of the self-employment sector is the feeling among many people that their future lies in owning their own business as more and more big businesses turn to small businesses to supply them with less costly goods and services. When Chrysler Corporation announced it was on the verge of closing its operations, the loudest shout of concern came not from its own employees but from the hundreds of small businesses which depended upon Chrysler as a customer for their goods and services. Conversely when Boeing was recently awarded a 4 billion dollar government contract, shouts of joy were heard from the hundreds of small businesses doing business with Boeing, because that contract guaranteed them a livelihood also.

It is clear that a healthy small business community is important, and that much can be done to reduce the rate of failure. Already deeply rooted in our communities, the community college is the ideal medium for teaching small

business management skills. Perhaps it is once again time for the community college to accept a challenge and take on this third vital function. However to do so, the community college system must recognize that it will have to act instead of react to a special educational need. This can only be done by assuming a more positive role in developing, implementing, and publicizing courses and programs designed for the entrepreneur.

The primary concern is the strength of our local economies. At issue is the survival of a tradition of our free enterprise system, the keystone of the Great American Dream.

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